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SECURITY INFORMATION

CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

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COUNTRY Germany (Soviet Zone)

REPORT NO. [REDACTED]

SUBJECT Transfer of Control Over SAG Plants

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1. On 23 Sep '53 all general directors of SAG plants were summoned to an important conference at Karlshorst. Only one representative of each ministry concerned took part for the German side. The meeting lasted until 26 September.
2. According to a report of the Ministry of Foreign Affairs, there are at present 395,322 workers employed in the SAG plants, of which 226,1+2 are employed at the Wismut AG alone. The SAG plants are organized in thirteen groups as follows: SAG Wismut, SAG Brikett, SAG Kaustik, SAG Kautschuk, SAG Zement, SAG Kali, SAG Synthese, SAG Transmasch, SAG Amo, SAG Mineraldünger, SAG Awtowelo, SAG Kabel, SAG Marten. From 1 Jan 54 these groups with their capacities will be placed at the disposal of the national economy. On this ground, comprehensive plans and changes already have been prepared by the various German ministries. At the same time funds were to be made available for the plants, because the subsidy funds of the Soviet Kredit-und Garantiebank were to have been shut off at the beginning of August. Now it appears from this report that the Soviet bank suddenly has made available a running credit of 200 million rubles for the 33 SAG plants, payments to run from 1 Oct 53. For these funds the plants must pay interest at 4.5 percent, a rate set by the Narodny Bank in Moscow. At that date, all SAG plants must make exact reports of their available capital; not only the plant capital, but also materials on hand, and accounts receivable must be registered. The credits can be revoked at four-week periods. The further condition is attached that the several production groups shall have their own representation through state secretariats in the respective ministries concerned. Up to now, eight secretariats have been proposed. The plants will retain their present trade organizations. The secretariats, and not the ministries, will decide about supplies of material and apportionment of orders.

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3. Control, however, shall be tributary to the German administrative authorities. Until now the SAG plants have possessed full freedom of control. The finance plan for 1953 and 1954 has not yet made provision for these extra expenses. A meeting was held in the Ministry of Heavy Machinery Construction on 29 Sep 53 to decide how clearings will be made for goods delivered after 1 Jan 54. Through the freedom of management heretofore enjoyed and the existing credit system, it was possible for the SAG plants to make clearings on the basis of the prices of 1938.
4. Among the Germans, plans for these plants are being proceeded with very carefully, because up to now no firm agreements over immediate details have been made between the government offices and the main office of the SAG in Berlin-Weissensee. The Germans are also waiting for the Soviet claims for money for the capital laid out on the SAG plants. This relates mainly to machinery bought abroad by the SAG main office.
5. The Wismut AG remains in Soviet possession. It will have its own referent in the Ministry of Mines. It will also in future (after 1 Jan 54) assume fully the social security contributions now administered entirely by German Social Security.

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